

Ask Away – The Right Way



Gelb Consulting Group, Inc.

1011 Highway 6 South
Suite 120
Houston, Texas 77077

P + 281.759.3600
F + 281.759.3607
www.gelbconsulting.com

Gelb

Ask Away – The Right Way

Guidelines for Conducting IP Surveys for Litigation

As use of surveys in intellectual property and business torts litigation increases, a heavy burden is placed on lawyers to conduct surveys tailored to support their clients' positions.

Likelihood of confusion, genericness and secondary meaning are still the typical issues that call for survey applications. But surveys are also being called into play for such challenges as attempting to diminish potential damages related to the loss of a case.

According to a December 1997 survey of IP attorneys in Texas, 25 percent of the responding lawyers said they had used surveys in the past 12 months in litigation and 63 percent said they expected their use of surveys to increase over the next five years.

Most of us are accustomed to surveys, such as presidential polls, where it is clear who needs to be interviewed. In the case of political campaigns, it is registered voters. In surveys for corporations, the target population is their customers or prospective customers. But in the legal arena, the relevant population is considerably murkier. It is important to stress that legal surveys are strikingly different from political or commercial surveys.

For example, in trademark surveys, it is the junior or senior users' customers who are to be interviewed – and how do you get a list of customers from the opposing sides? This is just one of the vexing issues that need to be appreciated and resolved by both the researcher and her retaining attorney.

Further, surveys to estimate damages may need to go back in time to when the transgression allegedly began. Commercial surveys are straightforward in their time horizon, typically probing the respondent's present state of mind.

Survey Significance

The necessity for surveys (and effectively defending against surveys entered into evidence) was recently affirmed in *Resorts of Pinehurst v. Pinehurst National and Pinehurst Plantation*, where a partial summary judgment was entered against the defendants' use of the name Pinehurst. In affirming a lower court's decision for Resorts, the 4th U.S. Court of Appeals noted that the "Resorts marketing expert conducted a survey that showed substantial confusion. Neither National nor Plantation commissioned a survey that disputed the conclusions of Resorts' expert, nor did they effectively challenge the methods and reliability of Resorts' survey."

Stephen M. Trattner, the IP attorney in Washington, D.C., who represented Resorts, says, "The significance of surveys in trademark cases cannot be overestimated. They almost always influence the outcome of the case. The Pinehurst case is a prime example where the survey was given great weight by the courts."

Ask Away – The Right Way

For attorneys who plan to retain survey experts, these three guidelines may be helpful:

- *The standards for commercial surveys don't apply.* Commercial surveys are conducted to gain as much insight into a consumer's mind as possible. Thus, they may require a 20- to 30- minute telephone interview. A legal survey of that length is generally not necessary and adding "interesting" questions should always be avoided because the more questions you ask, the more you will be cross-examined. Legal surveys are tightly focused and thus interviews are typically five to seven minutes in length.

As noted previously, the target respondents for commercial surveys are usually easily identified. On the other hand, selecting the relevant population where two commercial enterprises are at odds can be quite complex; selecting an inexact population is often the easiest decision a judge can make in ruling against the usefulness of a survey. "McCarthy on Trademarks and Unfair Competition" (Fourth Edition, 1998) offers the best examples of both useful and discredited relevant population decisions.

Survey researchers, while competent in their craft, may not be accustomed to the rough-and-tumble of cross-examination. Check the researcher's resume for his courtroom experience.

- *Be conversant in at least the major survey terms.* The survey researchers cannot expect lawyers to know all their lingo (and vice versa). But commanding one key concept with two critical terms will gain you respect. The terms are *confidence level* and *confidence interval*, sometimes called sampling error. [See related story, this page.]

Exhibit 1: Confidence and Confusion

Let's say an Austin developer of a highly popular software product is sued by a manufacturer of a surge protection product that has a similar name. A rigorously conducted survey of 300 business users reveals a likelihood of confusion of 23 percent. Leaving aside the question of the validity of the survey, how well does that sample reflect the total population?

Survey results from one sample are not necessarily the same as from infinite samples (the total population). In this case, the researcher might say: "At the 95 percent confidence level, the confidence interval is plus or minus 7 percentage points." That means the court can be 95 percent confident that the percentage of confusion among all users is in the interval between 30 percent and 16 percent.

Ask Away – The Right Way

Here we enter a discussion of probability statistics, the only scientific part of survey-taking. Unless one conducts a complete census of a relevant population, interviewing is conducted among a sample. If everyone in that relevant population has an equal probability of being included in the survey, that's called random probability sample and probabilities can be assigned. A telephone survey can be one such probability sample because all listed and unlisted numbers can be derived.

But if exhibits or trademarks or trade dress have to be shown to the respondents, surveying by telephone is often inappropriate. Courts are allowing such surveys to be conducted at shopping centers to target consumers and at business offices to reach an industrial audience. These, however, are convenience or quota samples and while useful, inferences about projectability to the entire population are unsupported.

- *Quality control in a legal survey surpasses that of a commercial survey.* Most surveys will be vigorously attacked by opposing counsel, so the survey process must be as "bulletproof" as possible. One way to insure a survey's authenticity is through interview verification. This task requires a third-party research firm to call back a selected number of respondents to verify that interviews were indeed conducted with each preselected individual. In a commercial survey, about 15 percent callbacks are sufficient. In a legal survey, the validation rate may be 30 percent, 50 percent or even higher.

In addition, the research director will be closely examined on the experience of the interviewers, how they were trained in implementing this particular survey, and how well they were supervised. Selected guidelines for quality control are contained in the "Manual on Complex Litigation, Reference Manual on Scientific Evidence," section on surveys, published by the Federal Judicial Center.

In summary, surveys in litigation offer perils as well as possibilities for advancing a client's case. However as *Resorts* demonstrates, not conducting or rebutting a survey is the worst-case scenario.

About the Author

Gabriel M. Gelb is senior consultant at Gelb Consulting Group Inc., a 39-year-old research firm headquartered in Houston. He may be reached at ggelb@gelbconsulting.com.

Reprinted with permission from *Texas Lawyer*, Gabriel M. Gelb, September 27, 1999.

Ask Away – The Right Way

About Gelb

Felling pressure to increase volume and grow revenues? Gelb Consulting Group, Inc. is a strategic marketing firm that merges analysis, strategy and technology to help clients build and sustain revenue growth.

Gelb is here to help you understand the complexities of your market to develop and implement the right strategies. We use advanced research techniques to understand your market, strategic decision frameworks to determine the best deployment of your resources, and technology to monitor your successes.

For over 40 years, we have worked with marketing leaders on:

- Strategic Marketing
- Brand Building
- Customer Experience Management
- Go to Market
- Product Innovation
- Trademark/Trade Dress Protection